APL Apollo Tubes

Journey from a semi-commodity player to a branded one

BUY

CMP*(as on 09 Sept 2021)*	INR 1,879
Target Price	INR 2,226
NIFTY	17,369

KEY STOCK DATA	
Bloomberg code	APAT IN
No. of Shares (mn)	125
MCap (INR bn) / ($ mn)	235/3,155
6m avg traded value (INR mn)	457
52 Week high / low	INR 1,901/460

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	37.3	41.7	288.7
Relative (%)	25.0	27.4	236.1

SHAREHOLDING PATTERN (%)	Jun-21	Mar-21
Promoters	36.9	37.0
FIs & Local MFs	9.4	10.0
FPIs	25.7	24.2
Public & Others	28.0	28.8
Pledged Shares	-	-

Source : BSE

APL Apollo Tubes (APL) is India's leading structural steel tube manufacturer with a capacity of 2.6 million tonne per annum (mtpa) and a pan-India presence. APL's market share enhanced from 27% in FY16 to 50% in FY21, led by a strong distribution network, branding, offering of customized & innovative products and capacity enhancement. APL's strategy to focus on rural areas and tier 2/3 cities paid off well during the reverse migration last year. With 24% CAGR in both revenue and PAT over FY11-21, it has emerged as one of the pioneers in the segment, much ahead of competitors. Going ahead, we expect APL to post revenue/PAT CAGRs of 20%/34% over FY21-24E, led by an increased mix of value-added products (75% in FY25 vs 57% in FY21), capacity expansion, improved margins, and enhanced government spending on infra. APL's valuation has sharply rerated on market share gains, debt reduction, robust growth visibility, and margin expansion. It is trading close to the average multiple of building material stocks as 75% of its product mix caters to this segment. We expect it continue to trade at such premium multiple and initiate coverage on APL with a BUY rating at a TP of INR2,226/share (35x FY24E EPS).

Pioneer in structural steel segment: APL has reported a strong 24% CAGR topline and earnings growth over the past decade, led by customised product offerings, adoption of latest technologies, capacity expansion, vast distribution network, brand building, and a strong balance sheet. This has led to superiority over peers in the space and has helped it enhance market share to 50% (in FY21) vs 27% in FY16. Furthermore, with an increasing share of value-added products, the company has managed to garner a premium value for its products.

Building a strong brand: APL has successfully captured the mindshare of fabricators and architects, making its steel tubes as their first choice for applications. Along with innovative products and offerings, APL has aggressively focused on creating a strong brand image through large-scale print and TV commercials, sponsorships of mega sports events and roping in of celebrities as brand ambassadors. These efforts have allowed it to successfully creep into the rural areas, which are yielding strong results.

Far ahead of peers: Having a 50% market share, adopting the latest technologies and withholding a strong brand image, APL stands much ahead of its competitors. Its pan-India distribution network (2x of its nearest peer), enhanced capacity (3x of the nearest peer) and broad array of product offerings (3x more SKUs) have helped it gain 5x market share vs peers. 40% of its products literally face zero competition, which allows it to command premium value and higher margins. Using advanced technology, it has managed to offer customised products in a much shorter duration than peers, placing it much ahead of them; we believe it would continue to stay ahead, going forward.

Initiate with a BUY: We expect APL's revenue/PAT to grow at CAGRs 20%/34% over FY21-24E, led by healthy volume growth, margin expansion, reduced working capital, and reduced debt. We thereby initiate coverage with a BUY rating and a TP of INR2,226/share (based on 35x FY24E EPS). The multiple of 35x is based on the APL's superior performance, operational efficiency and strong positive outlook going ahead.

Consolidated Financial Summary

(INR mn, Mar YE)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	39,239	53,348	71,523	77,232	84,998	1,04,855	1,25,649	1,46,034
EBITDA	3,330	3,710	3,928	4,773	6,787	8,669	10,738	12,928
EBITDAM (%)	8.5	7.0	5.5	6.2	8.0	8.3	8.5	8.9
APAT	1,521	1,581	1,482	2,380	3,602	5,067	6,982	8,711
AEPS (INR)	12.9	13.3	12.4	19.1	28.8	36.6	50.4	62.9
EV/EBITDA (x)	42.4	38.7	36.9	31.3	31.4	30.2	24.2	20.0
P/E (x)	88.9	86.0	92.2	59.9	58.9	51.4	37.3	29.9
RoE (%)	23.9	20.5	16.5	20.5	23.6	26.0	28.0	27.5

Source: Company, HSIE Research

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Company snapshot

APL's capacity has grown at a CAGR of 23% over FY10-21 to 2.6 mtpa

APL Apollo Tubes (APL) is one of India's leading manufacturers of branded electric resistance welded (ERW) structural steel pipes, which has a capacity of 2.6 mn tonne per annum (mtpa) spread across 10 manufacturing facilities. These capacities are evenly spread across the country and have grown at a CAGR of 23% over the past 11 years from 0.27 mtpa in FY10 to 2.6 mtpa by FY21. APL has built up this capacity through both the organic and inorganic routes. The major acquisitions include Apollo Metalex Pvt in 2007, Shri Lakshmi Metal Udyog in 2008, Lloyds Line Pipes in 2012, and Taurus Value Steel and Apollo Tricoat in 2019.

The volume growth over the same period has largely mirrored the capacity expansion, as all these capacities were operational in nature at the time of acquisition. The volumes have grown at a CAGR of 23% over FY10-FY21 to 1.64 mtpa, led by capacity expansion, vast distribution network (+800 distributers, +50,000 retailers, +0.2mn fabricators and 29 warehouses), innovative product range (+1,500 SKUs) and strong brand image. The company's market share have also increased to 50% across the ERW segment in FY21 compared to 27% in FY16.

Exhibit 1: Diverse manufacturing units to cater to all regions

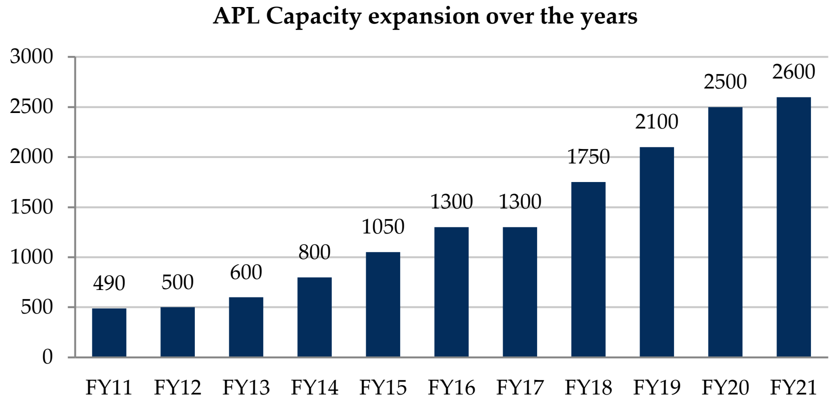
Manufacturing Unit	Products	Capacity ('000 MTPA)
Sikanderabad, UP (2)	Standard, Structural, and GI	375
Hosur, Tamilnadu	Standard, Structural, and GI	550
Raipur, Chhattisgarh	GP, Standard, Structural, and GI	350
Murbad, Maharashtra	Standard, Structural, and GI	450
Chegunta, Hyderabad	GP pipes and GI pipes	200
Subsidiaries		
Sikanderabad, UP, Apollo Metalex	GP	225
Bengaluru, Karnataka, Shri Lakshmi Metal Udyog	GP	125
Malur, Karnataka, Apollo Tricoat	In-line Galvanised (ILG), Signature, Elegant products	175
Dujana, Uttar Pradesh, Apollo Tricoat	Tricoat products as Chaukhat, Plank	150
Total Capacity		**2600**

Source: Company, HSIE Research

Exhibit 2: Pan-India presence of units, distributors and warehouses

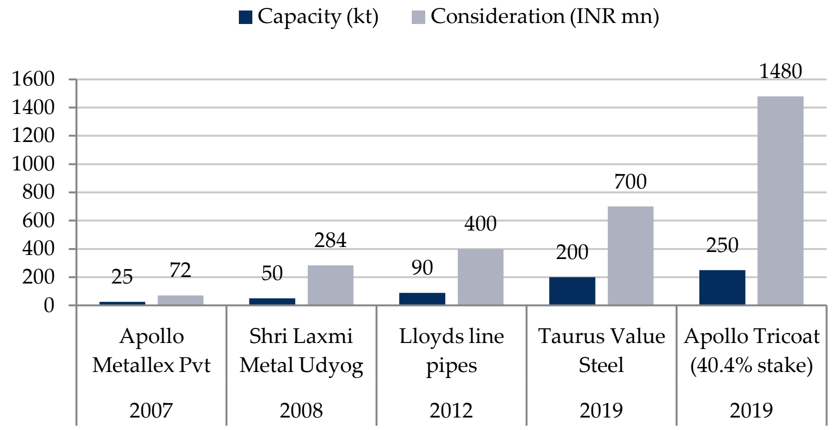
Source: Company, HSIE Research

Exhibit 3: Capacity has expanded 5x over past decade ('000 tons)



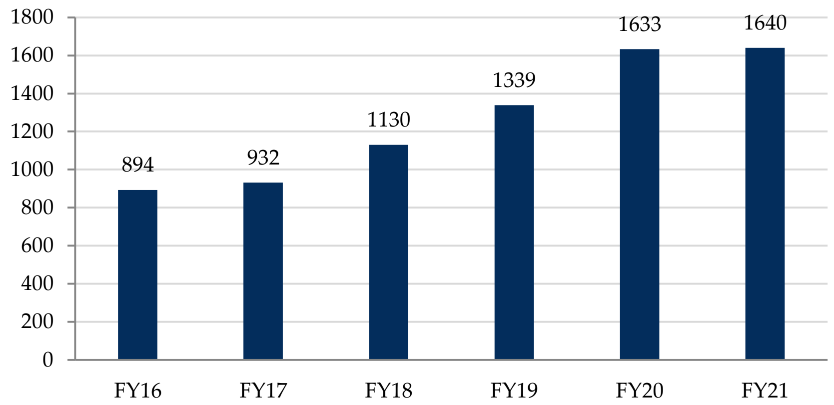
Source: Company, HSIE Research

Exhibit 4: Acquisitions over the period



Source: Company, HSIE Research

Exhibit 5: Volume growth over the years ('000 tons)



Source: Company, HSIE Research

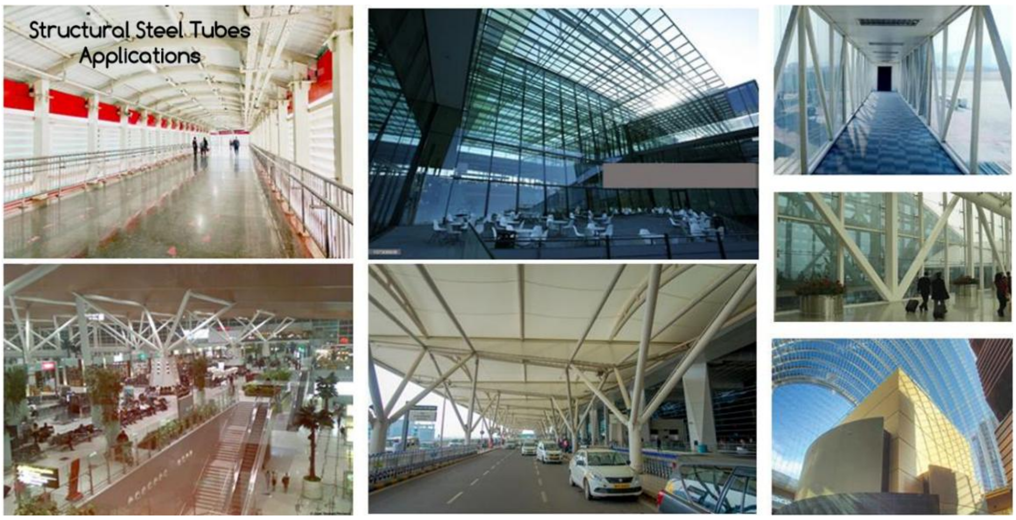
Innovative products designed to customer specifications

DFT technology enables the company to provide product customisation in a cost-effective manner

APL brought to India high-speed mills from Europe (which increased speed by 5x), strip galvanizing lines and the unique Rotary Sizing Mills. It introduced pre-galvanized tubes (GP) in India for the first time in 2003. Recently, the company introduced the cutting-edge Direct Forming Technology (DFT) technology in India, which enables it to customise products in a cost-effective manner.

Using these technologies, the company has been consistently developing innovative products that replace the conventional ones like wood, aluminum and reinforced cement concrete (RCC) across the construction segment (like warehouses, airports, malls and buildings - including residential and commercial one). The company has looked beyond traditional applications of structural pipes in distribution and supply segments (like, water, gas, and other liquid transportation pipes). Over the years, it has developed a strong products portfolio, catering to diverse applications in the building and construction space.

Structural steel applications



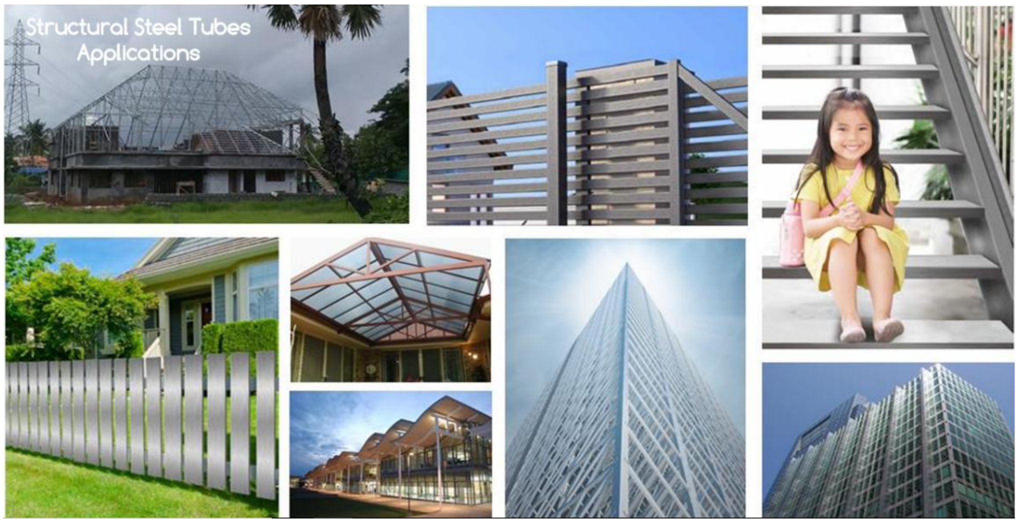
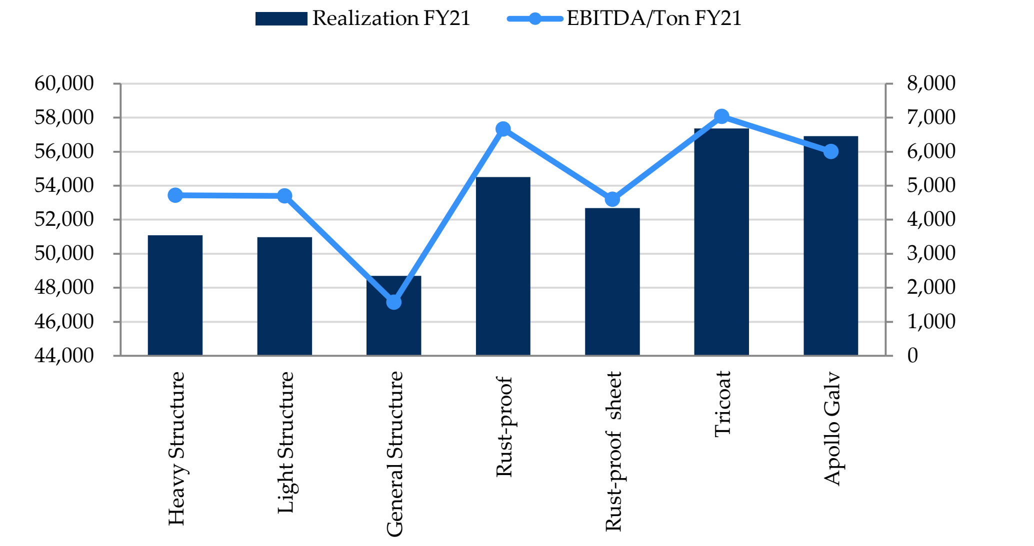


Exhibit 6: Product categorisation, mix and brands

Product Category	Sales Volume Mix (%)	Applications	Our Brands
Apollo Structural	63%		
Residential Building & Independent Homes	25%	Structural, Piling, Sheds, Handrails, Gates, Fencing,	Fabritech, Build, DFT, Column, FireReady, Agri
Commercial Building, Warehouse & Factories	14%	Balcony Grills, Staircase, Light Structure	
Infrastructure	20%	Structural for Metros, Airports, Stadium, Station etc	
Industrial & agriculture	4%	Heavy Equipment	
Apollo Z	19%		
Residential Building & Independent Homes	14%		CoastGuard
Commercial Building, Warehouse & Factories	5%	Galvanised Structural Steel tubes for coastal markets	
Apollo Tricoat	14%		
Residential Building & Independent Homes	11%	Door Frame, Staircase Steps, Furniture, Plank, Designer	Green, Bheem, Z+
Commercial Building	3%	Tubes, Fencing, Electrical Conducts	
Apollo Galv	4%		
Commercial Building	3%	Galvanizes Structural. Greenhouse Structures	Plank, Signature, Elegant, Chaukhant
Industrial & agriculture	1%	Plumbing, Firefighting	

Source: Company, HSIE Research

Exhibit 7: Segment-wise realisation and EBITDA/tonne (INR)



Source: Company, HSIE Research

Exhibit 8: Segment wise Segment wise volume, revenue and EBITDA break up

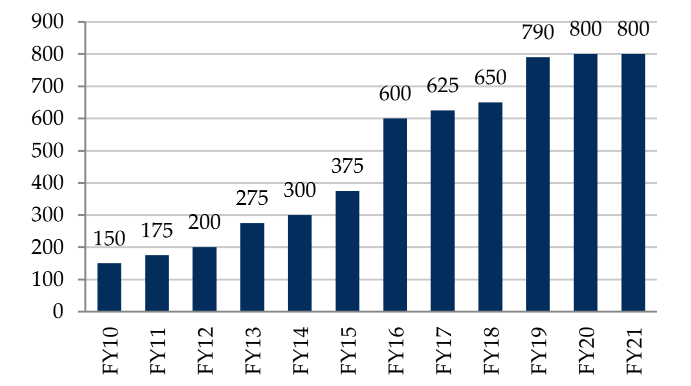
FY21 segmental data	Apollo Structural			Apollo Z		Tricoat	Apollo Galv	Total
	Structural-General	Structural-Heavy	Structural-Light	Rust proof structure	Rust proof sheet			
Capacity (tons)	10,00,000	2,00,000	4,30,000	4,50,000	50,000	3,50,000	1,20,000	26,00,000
Volume (tons)	709296	85435	226341	298093	18456	231490	71242	16,40,353
Utilisation	71%	43%	53%	66%	37%	66%	59%	63%
Raw material (HRC in ton)	750411	100391	224012	308953	24257	243674	74992	17,26,690
Conversion factor	95%	85%	101%	96%	76%	95%	95%	95%
Realisation/ton (INR)	48698	51093	50968	54512	52680	57369	56911	
Revenue (INE mn)	34541	4365	11536	16250	972	13280	4054	84,999
EBITDA	1115	403	1063	1986	85	1628	428	6,707
Margin	3.2%	9.2%	9.2%	12.2%	8.7%	12.3%	10.5%	7.9%
EBITDA/Ton	1572	4716	4697	6663	4598	7033	6002	4089
Volume Share	43%	5%	14%	18%	1%	14%	4%	100%
Revenue share	41%	5%	14%	19%	1%	16%	5%	100%
EBITDA Share	17%	6%	16%	30%	1%	24%	6%	100%
CAGR (FY16-FY21)								
Volume	5.8%	10.3%	48.9%	13.3%	34.5%	43.3%	-9.1%	12.9%
Revenue	7.1%	11.8%	50.9%	16.0%	40.8%	46.3%	-7.4%	15.1%
EBITDA	-0.4%	8.8%	48.3%	18.7%	31.8%	56.1%	-4.1%	18.1%

Source: Company, HSIE Research

APL has a presence in over 300 towns and cities across India due to its wide distribution network

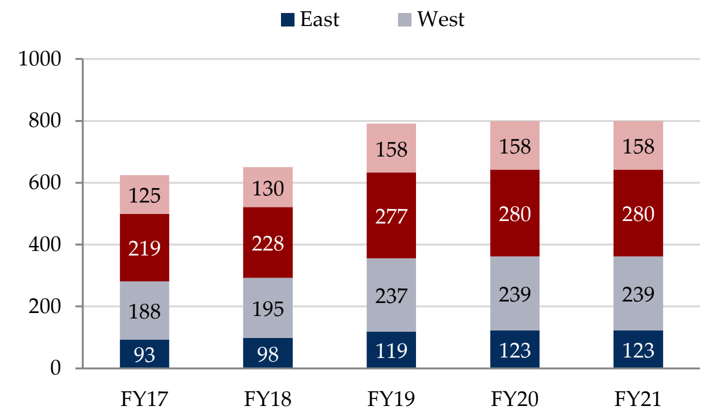
The company's increasing presence across various sectors and higher penetration within each segment through innovative products have helped it in replacing the conventional product usage. The strong distributer network helps it derive ~80% of its revenue. Furthermore, increased engagement with the architectures and fabricators has further escalated its product acceptances and sales across various segments. With the help of the strong distribution network, APL currently has a presence across 300 towns and cities in India, with a strong presence in the western and southern regions. All these efforts have enabled it to consistently outpace its peers and expand its market share over the years.

Exhibit 9: APL's distribution network is 2x it peers'



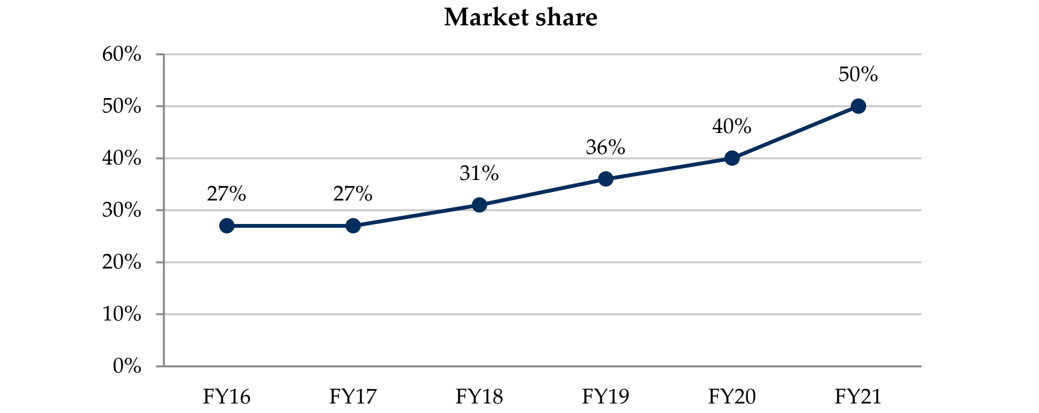
Source: Company, HSIE Research

Exhibit 10: Strong presence across south and west markets



Source: Company, HSIE Research

Exhibit 11: APL's market share has nearly doubled in past 5 years

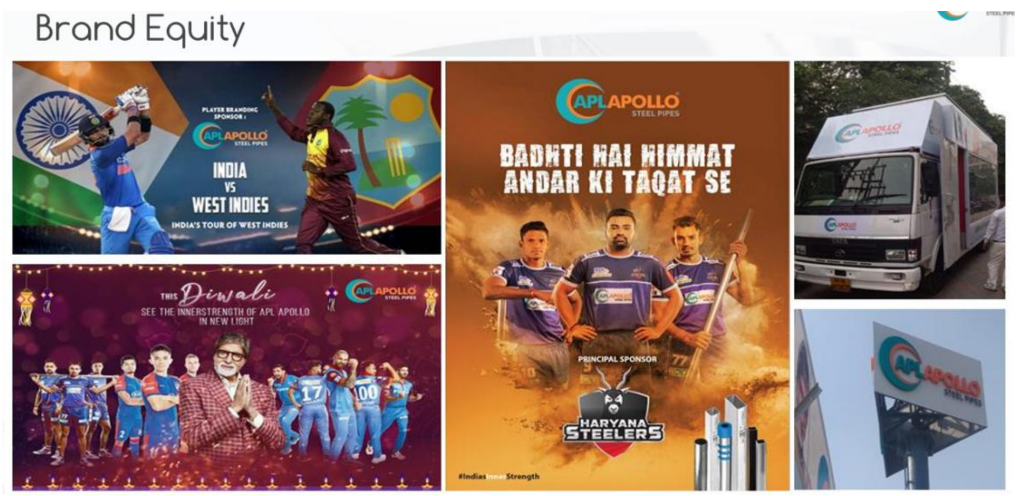


Source: Company, HSIE Research

Brand building a key focus area:

APL has successfully created a strong brand image among consumers, fabricators, and architects

APL has successfully captured the mind share of the fabricator and architect (who generally dictates the customised product based on the end use), which has made its steel tube as their first choice for applications. Along with innovative products and offerings, the company has aggressively focused on creating a strong brand image through large-scale print and TV commercials and sponsoring of mega sports events (Delhi team in IPL, Haryana team in Pro Kabaddi League, International Cricket Series etc). APL roped in Mr Amitabh Bachchan in Nov'19 (for two years) as a brand ambassador for all the brands housed under APL Apollo. These efforts have helped the company successfully creep into tier 3/4 cities as well, which have started yielding strong results.



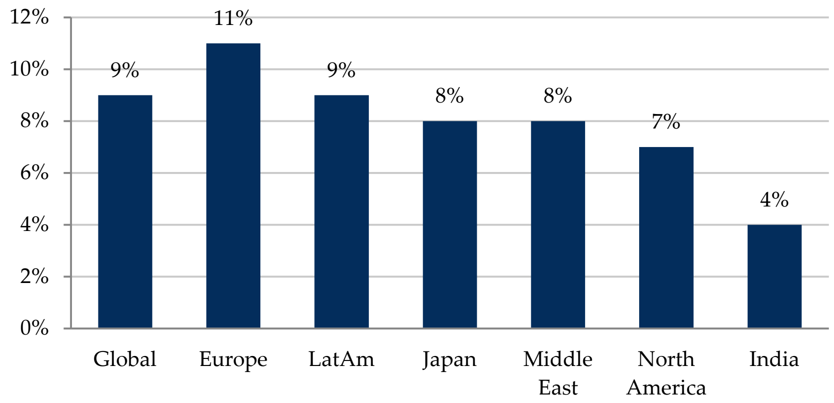
The company's sales during the pandemic remained largely unaffected due to strong demand from rural and smaller town where the impact of pandemic was relatively lower than in the larger towns and cities. The company registered nearly 60% of its FY21 revenue from the tier 2 and rural areas, largely due to reverse migration from urban to rural areas during the pandemic. However, going ahead, management expects its sales to be equally split between rural and urban segments.

Structural steel market in India and future growth

With lower penetration in India, structural steel tube market has significant potential to grow

India's overall steel market size stands at ~100 mtpa, of which structural steel tubes account for 4 mtpa (~4%) only. The share of structural steel tubes in the overall steel market in India is much lower compared to the global average, which ranges from 9-10% of their respective steel markets. This provides significant growth potential for the structural steel segment to expand its market share in Indian steel market by replacing the conventional RCC and wood usage (especially across the construction and the building segments), which are labour intensive, prone to high wastage, and time consuming.

Exhibit 12: Structural steel's penetration in Indian steel market is very low



Source: Company, HSIE Research

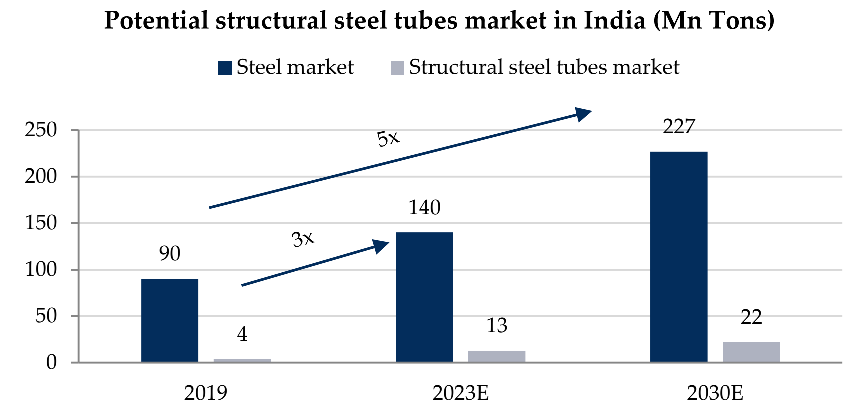
The growing commercial building sector combined with the government's initiatives towards green buildings, smart cities, make in India scheme, warehouses, airports and metros are expected to boost the structural steel fabrication market in India. This will provide significant growth opportunity for structural steel, going ahead. Also, there is a paradigm shift in the approach to steel consumption and increased recognition and acceptability for structural steel tubes and pre-engineered building (PEB) material in India now, which will drive the demand for structural steel.

India's structural steel market is expected to grow 5x over the next decade to 22 mtpa

The Indian structural steel market is expected to grow significantly over the next decade, owing to factors like increasing demand from the manufacturing sector, rising preference for PEB and components, and government initiatives in infrastructure. Also, the government's focus on increasing construction of green buildings, smart cities, and the Make in India scheme are the other key drivers that could boost the Indian steel fabrication market.

The Indian government's impetus on infrastructure development through enhanced Capex under the National Infrastructure Pipeline (NIP) with a total capital outlay of INR111tn across sectors (energy, roads, urban infrastructure, logistic, warehousing, etc.) will also drive demand for structural steel, going ahead.

Exhibit 13: Structural steel market has potential to grow 3x by FY24 and 5x by FY30.



Source: Company, HSIE Research

Why structural steel:

a) High strength to weight ratio - It has a high strength to weight ratio, which means it has high strength per unit mass. So no matter how large the overall structure is, the steel sections will be small and lightweight, unlike other building materials.

b) Highly flexible: It can be easily fabricated, flexible, mouldable, produced massively and can be assembled onsite. This saves time and increases the efficiency of the overall construction process.

c) Cost efficient: Structural steel is relatively cheap compared to other conventional building materials like RCC, wood, steel and aluminium**.**

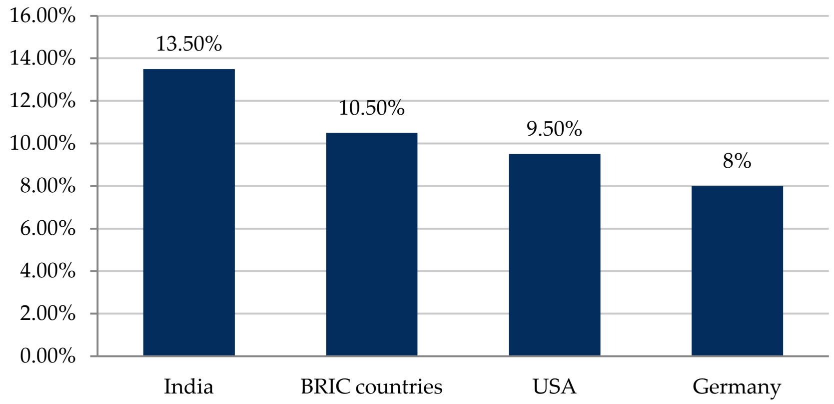
d) Highly durable: It is very durable and can withstand external pressures such as earthquakes, thunderstorms, and cyclones. A well-built steel structure can last up to 30 years, if maintained well.

Growth in construction to drive demand for structural steel

Logistics sector:

India's logistic sector is expected to witness strong investment on the back of exponential growth in e-commerce, online shopping and revival in economic activity, which has propelled the need to ramp up supply and storage pace in the sector. Among the key drivers for growth in the warehousing sector are the third-party and fourth-party logistics sector, which have been forecasted to grow at a CAGR of 11.5% from 2020 to 2025, whereas the e-commerce sector is expected to grow at a CAGR of 25%, reaching $200 bn by 2027. Furthermore, India' logistics sector is regarded as highly inefficient when it comes to costing, as it comprises 13-14% of the nation's GDP, which is much higher compared to many developed and developing nations (BRICS countries - 11%, US- 9.5% and Germany - 8%).

Exhibit 14: Indian logistics sector is highly inefficient compared to global standards

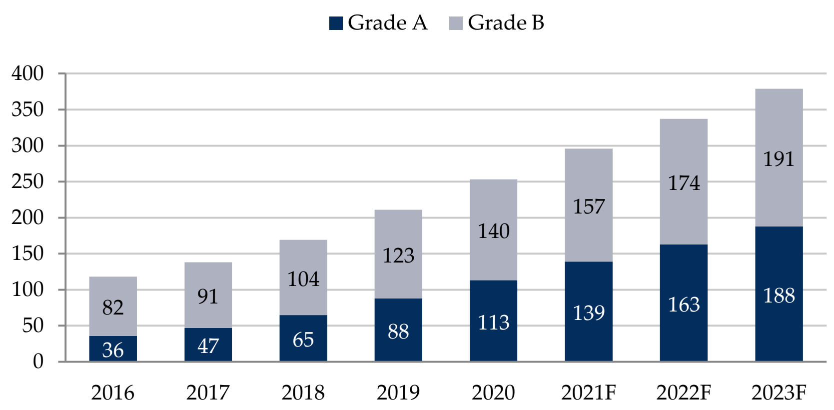


Source: Ministry of road transport and highways, HSIE Research

Investments in building grade A warehouses should provide significant opportunity for structural steel tubes in the country

This has propelled the need for significant investment in the warehousing space to scale up its storage capacity from 253 mn sq ft in FY20 to ~379 mn sq ft in FY23E (source: JLL). Of this, sophisticated warehousing capacity (i.e. Grade A warehouse) is expected to increase at a CAGR of 18.5% to 191 mn sq ft in FY23 vs 113 in FY20. Sophisticated warehouses are large in size and technologically advanced (with high usage of structural steels now replacing the conventional equipment), which reduces the logistics cost. We believe that the investment in the warehousing sector will drive the product demand for structural steel and would benefit APL, as nearly 5-7% of its sales caters to the warehousing sector (Apollo Structural and Apollo Z).

Exhibit 15: Focus on building more Grade A warehouses

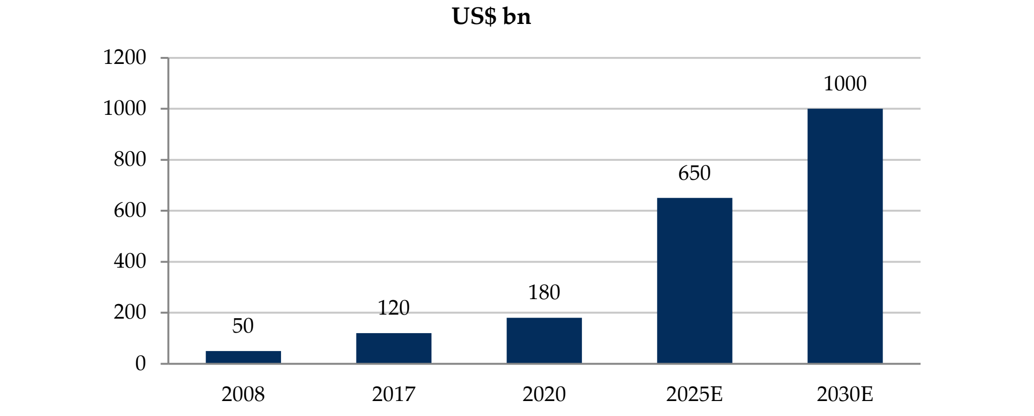


Source: JLL, HSIE Research

Significant growth in real estate sector will nurture the structural steel demand

The real estate market in India has grown at a CAGR of ~10% from $50 bn in 2008 to $120 bn in 2017 and is expected to further grow at a CAGR of 17.7% to reach $1 tn by 2030. The growth will be led by residential, commercial and retail segment, which will be driven by rapid urbanisation from rising urban population, nuclearisation of families, increasing per capita income, improved standard of living, and rising construction of malls and commercial offices.

Exhibit 16: Real estate sector in India to increase multifold over next decade



Source: Lodha, HSIE Research

APL garners 75% of its sales from building material segment and would directly benefit from investment in real estate sector

APL garners 75% of its sales from building material segment (both construction and home décor) and will be directly benefitted from growth across the real estate market in the country. The demand for structural steel is expected to grow significantly across the real estate segment as it is replacing the conventional construction products with newer ones at a much faster pace now due to their low cost, higher flexibility and requirement of lesser construction time compared to the conventional ones. Also, high rise buildings with G+20 floors in India are rising, thereby increasing the consumption of structural steel in urban real estate.

Exhibit 17: How APL has created its market

<table>
<tr><th>Conventional Construction Products</th><th>Applications</th><th>Why Structure Steel Tube replaced these produts?</th><td rowspan="4">Low Diameter Steel Tubes/Low Load Bearing</td></tr>
<tr><td>Steel Angle/Channels</td><td>Structure Support, Towers infrastructure</td><td>Uniform Strength, Lower Steel Consumption</td></tr>
<tr><td>Wood</td><td>Furniture, Door, Frames, Planks</td><td>Cost Effective, Terite Proof, Environmental Friendly</td></tr>
<tr><td>Aluminium Profiles</td><td>Facades & Gazing</td><td>Cost Effective, Higher Strength</td></tr>
<tr><td>Reinforced Cement Concrete</td><td>Construction of Buildings</td><td>Faster Construction, Environmental Friendly</td><td rowspan="2">High Diameter Steel Tubes/High Load Bearing</td></tr>
<tr><td>Fabricated Metal Sheet</td><td>Pre-Engineering Steel Buildings</td><td>Lower Steel Consumption, Reduce overall project cost</td></tr>
</table>

Urban infrastructure:

Airports: The government plans to start 100 additional airports by 2024. Also, it plans to invest INR190bn in upgrading airport infrastructure in the country, especially in smaller cities, over the next three years.

Metro rail - According to a research study by an Indian infrastructure agency, over 25 cities in India will have operational metro rail networks in the coming years and around INR3-4 trillion worth of projects are expected to be commissioned in the next 4-5 years. The government is also working on delivering close to 1,000 kms of metro rail system in the country by 2022. While the metro rail will continue to be the dominant mode of commuting, various other models such as rapid rail and light rail will also witness growth.

The growth across both these segments will drive demand for structural steel and, with APL having a major 50% share in the segment, it will be a major beneficiary.

APL is working to create a market for heavy structural steel tubes in India

The company is targeting to offer its products for construction of heavy structures. Many state governments and private developers are planning to construct hospitals, malls and commercial complexes using tubular technology. APL plans to supply its heavy diameter products (300x300 and upcoming 500x500) for building structures in these kind of upcoming projects.

Benefits of using steel tubes for building such structures:

Venturing into construction of mega structures could open the doors of a US$40bn market opportunity for APL

- 20% less usage of conventional steel in structure
- 10% savings in total project cost
- Faster project completion – conventional method of using RCC in construction generally takes around 2.5-3 years for the entire construction of a building. Using structural tubes allow the fabrication work to take place in the fabricators' workshops and only the assembly of structure takes place at the site
- Environment friendly completion

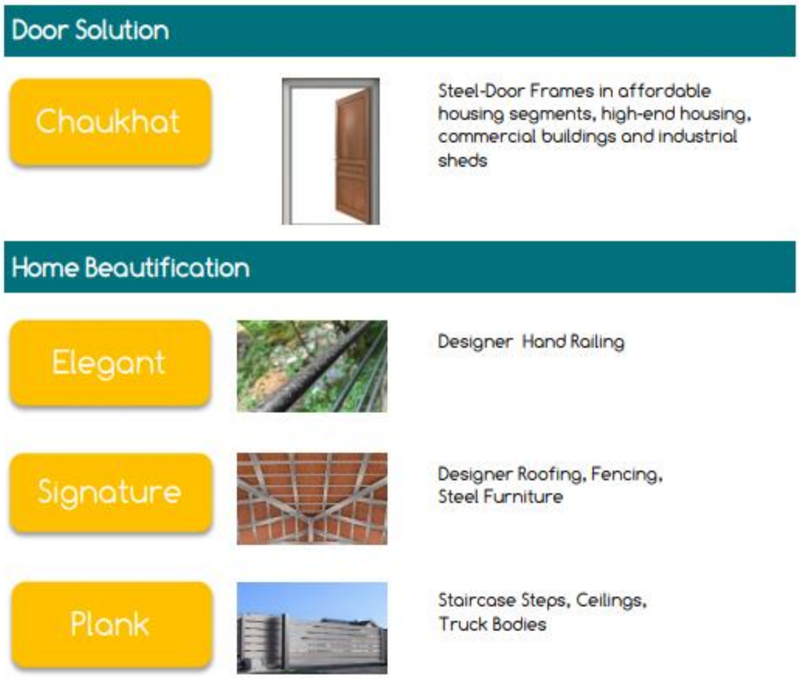
The usage of structural tubes in mega structures could open the door to the building construction segment, which is around US$200bn industry in India. Of this, structure costs account for ~20% of the segment, totaling ~US$40bn. With even 1% market share, APL can gain a revenue share of US$400mn, which is equivalent to 35% of its total revenue. Hence, APL, with its offerings in high diameter products, could become a major beneficiary from these mega construction building projects, going ahead.

Usage of heavy structural tubes in mega building structures:

Building strong base in home décor segment with the Tricoat's acquisition:

Tricoat's acquisition has strengthened APL's position in the high-margin home decor segment

APL has not only ventured into the home decor segment but has also strengthened its presence in it by acquiring 40.4% stake in Apollo Tricoat in Oct 2018. APL currently owns 55.8% stake in APL Tricoat (after the open offer and further share purchases from the open market). The segment offers various residential and home decor products such as steel door & frames, window frames, handrail designer pipes, plumbing for premium housing segment, staircase, furniture, pillars and interior designs.



Of these, the Chaukhat product - the steel door frame brand - has been its growth driver over the past two years, due to its better durability and greater flexibility than offered by wood. APL Tricoat also offers easy to install off-the-shelf door frames. Following are the detailed product offerings of APL Tricoat and their application.

Tricoat's acquisition enhances product mix and margins:

Tricoat reported 105% YoY rise on volume and 19% YoY in EBITDA/tonne in FY21

Tricoat offers innovative products that replace the conventional wood, brick, concrete walls, etc. (which are nearly ~25% costlier than Tricoat's products) and have been well received in the market. These products are largely offered under the B2C category and thus provide better margins compared to standard structural tubes. Tricoat's volumes increased significantly by 105% YoY in FY21 to 231k tons, supported by capacity expansion, and its EBITDA/tonne also improved to INR7,033 in FY21 from INR5,928 in FY20 (+19% YoY), supported by the strong performance of the Chaukhat and Signature brands. With its distinctive offering and rising acceptances, the segment is expected to report healthy performances, going ahead.

Exhibit 18: Tricoat brands and its application

Tricoat Brands	Applications
Chaukhat	Steel door & window frames
Wondoor	Complete steel door solution
Elegant (Designer MS Black steel pipes)	Furniture, Hand rail etc
Signature (Designer Galvanized pipes)	Rooftops, furniture, pillars and Interior Designs
Scaff	Scaffolding & greenhouse structure
Plank	Staircase, Truck bodies
Alpha	Window frames
Handrail	Hand rail
Tricoat (paint, zinc & polyester coat)	Electrical conduits, Appliances and green house
Hybrid (combo of PVC & In-line Galvanized)	Plumbing for premium housing segment

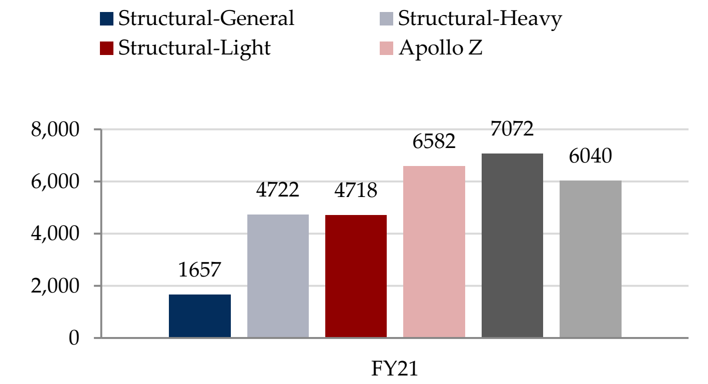
Source: Company, HSIE Research

APL targets to scale up proportion of value-added products to 75% by FY25 vs 57% in FY21

Rising focus on value-added products:

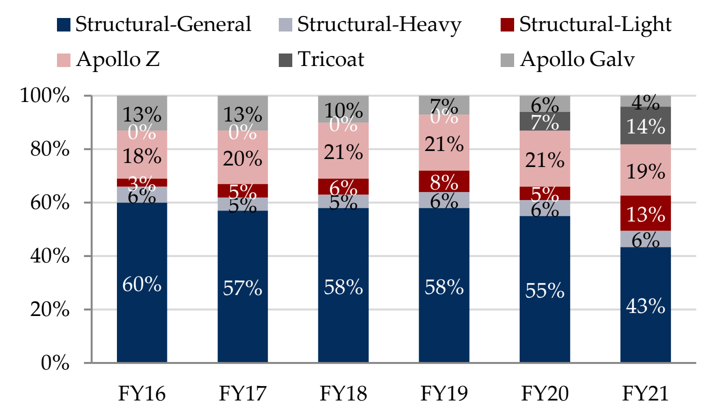
Tricoat's acquisition is very much in line with the management focus to enhance the share of value-added products in its portfolio. Currently, the company has 57% of its products in the high-margin category (EBITDA/tonne in the range of INR5,000-INR7,500) and 40% of its product sales mix literally faces zero competition from its peers. We expect the high-margin products to continue to dominate the product mix, supported by its planned capacity addition in the next few years. Management targets to enhance the share of value-added products to 75% in the next 2-3 years, which should help normalise margin pressure amidst steel price fluctuations.

Exhibit 19: EBITDA/tonne across categories (INR)



Source: Company, HSIE Research

Exhibit 20: Share of value-added products on rise



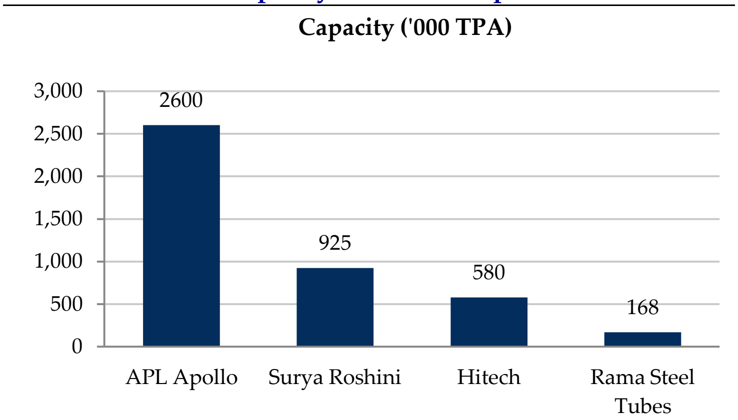
Source: Company, HSIE Research

40% of APL's products face almost zero competition from its peers

Much ahead of its peers

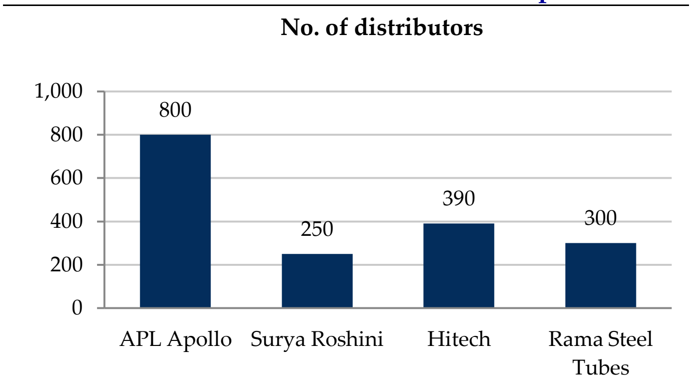
With a 2.6 mtpa capacity and 63% utilisation level, APL is far ahead of its peers with 50% share in the domestic market, which is significantly higher than the second-largest player's (which has 9% market share). The dominance in the competition is largely led by the continuous introduction of innovative products across segments that are largely acceptable in the market. Furthermore, with its large and strong distribution network and reach towards the end customer, the company is far ahead of its peers. Also, nearly 60% of its product mix comprises value-added products (high margin) and ~40% of its products face no competition at all in the market.

Exhibit 21: APL's capacity is 3x its next peers'



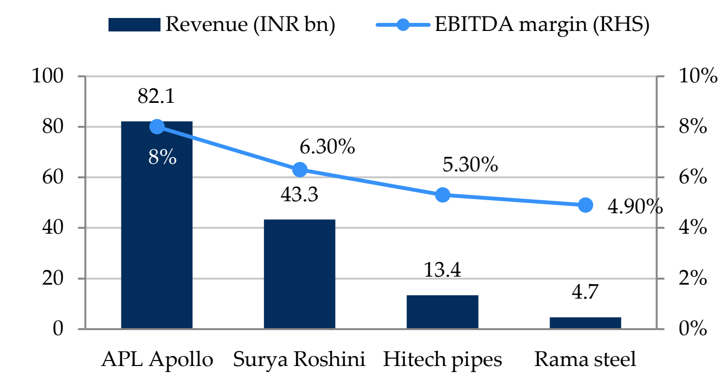
Source: Company, HSIE Research

Exhibit 22: APL's distributors is 2x its next peers'



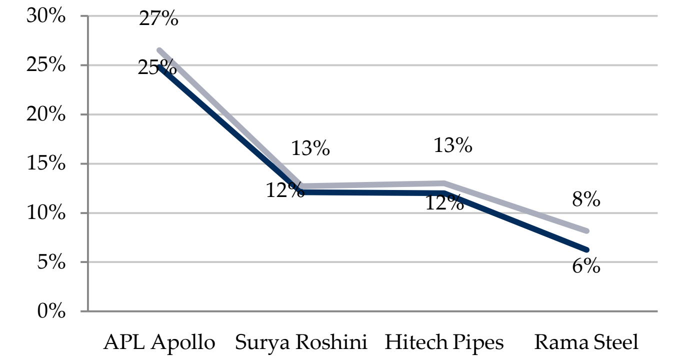
Source: Company, HSIE Research

Exhibit 23: APL enjoys much better margins



Source: Company, HSIE Research

Exhibit 24: APL generates 2x return vs its peers



Source: Company, HSIE Research

How APL outpaces its peers in margin

APL enjoys economies of scale compared to peers, which helps it gain better margins

- APL procures 2% of the Indian steel consumption and 10% of Indian HR coil consumption. This enables it to obtain a 2% discount on its purchase, which many of its peers fail to take advantage of.
- It has a pan-India presence with plants in the north, west, south and central India, which lead to significant saving in freight costs (4-6%). Steel tubes are largely regional in nature and, thus, with its vast distribution network and pan-India presence, the company receives 1-2% higher margin compare to its peers.
- In nearly 40% of its portfolio, it doesn't face any competition as it produces a basket of many small products with nearly +1,500 SKUs, +50,000 retailers, +800 distributors and 29 warehouses and depots in the country. APL derives nearly 80% of its sales from distributors. With this support, the company has a strong presence in more than 300 towns and cities in the country. The nearest competitor has 590 SKUs, 21,000 retailer's access and a dealer base of 390, all far below APL's network.
- The adoption of better technology provides the company unparalleled cost advantage compared to its peers. The company purchased the DFT in 2016 from an Italian company Olympia. DFT enables the possibility to produce any customized size of Hollow Section, included in the mill range, without roll change. DFT helps customize any pipe, without roll change, which not only lowers the raw material cost (~2-8%) but also saves lot of time, as in the case of conventional technology, all pipes are first made round (in shape) and then given another shape, i.e., square, hollow, rectangle etc., which increases the conversion cost. In DFT, the entire rolling process is automated, which takes 1-2 hours, where in case of conventional method takes 8 hours to 2 days as the entire line has to be changed manually. This reduces the set-up time significantly. Product customisation has helped APL create a large and diversified client base since it can meet different requirements.

With backward integration, APL is not only able to save on the process cost but has also created a barrier for its peers

- Backward integration – the company has entered backward integration in structural steel manufacturing process by introducing cold roll milling. Through this technology, it downsizes the standard HRC coil width from 2mm to 1.2mm-1.4mm (which is used for manufacturing of high-value products). Earlier, the company was getting these sized customized HRC from Tata Steel and JSW Steel at a much higher price and these products were also made available to competitors. However, with the involvement of the cold roll milling at its manufacturing facility, it is not only able to save on the process cost but has also created a barrier for its peers to enter the value-added products segment, as both

Tata steel and JSW steel now manufacture only standard 2mm width HRC sheets since APL (its largest HRC customer) has stopped taking customised HRC sheets. Furthermore, both Hitech and Surya Roshni lack such strong balance sheets to be able to carry out backward integration.

Thus, APL has been a pioneer in adopting and bringing new technologies such as DFT, in line galvanisation (ILG) and products like pre-galvanised tubes into India, which allow for cost-effective customisation to meet client requirements.

Capex plan – directed at value-added product

APL plans to add 1.4 mtpa capacity by FY24 - directed at value-added products

APL has planned a capacity expansion of 1.4 mtpa (0.4 mtpa in FY22, 0.6 mtpa in FY23 and 0.4mtpa in FY24). Of this, 1 mtpa capacity will be across its Raipur facility while the balance 0.4mtpa capacity will be across other units. The expansion will be towards:

a) 0.2 mtpa for 500x500 diameter steel tubes which will be used in heavy building structures
b) 0.2 mtpa towards 500x500 diameter color coated structural tubes (first of their kind in the Indian market)
c) 0.8 mtpa towards existing product categories.

All these expansions will be in value-added segments, which are expected to garner an EBITDA/tonne of INR6,000. The company plans to incur Capex of INR3.25bn/INR2.5bn/INR2.0bn in FY22E/FY23E/24E for the same, which would be met through internal cash flows.

Cash & carry model reduces working capital stress; aim of becoming net debt free by FY23

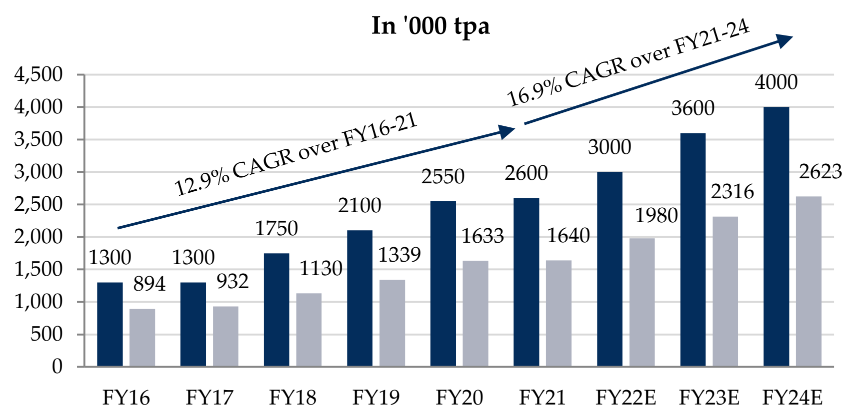
APL Apollo's net debt has reduced, from INR7.9bn in FY20 to INR1.6bn at the end FY21. This was possible as the company switched over to the cash & carry business model and stopped giving credit to its distributors and customers. This practice significantly lowered its receivables from INR4.8bn in FY20 to INR1.3bn in FY21 and reduced its working capital requirement. Its net working capital days also reduced from 25 days in FY20 to 8 in FY21 due to the cash & carry model. The surplus cash thus generated was utilised towards debt repayment. Management is confident of maintaining similar working capital levels, going ahead as well, and thus targets to become net debt free by FY23.

Earnings will be boosted by strong volume growth and margin expansion

Improved demand with expanded capacity and utilisation will drive volumes going ahead:

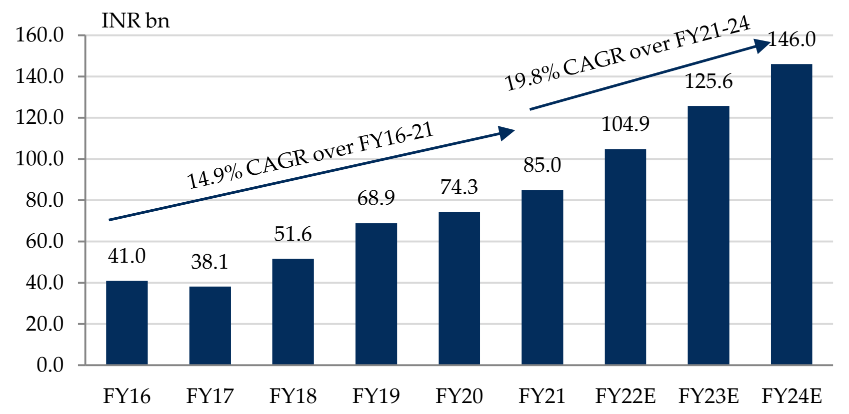
APL reported strong 12.9%/14.9% CAGRs for volumes/sales over FY16-FY21, led by both capacity expansion (through organic and inorganic route) and improved product demand. Going ahead as well, we expect APL to clock strong volume CAGR of 16.9% and revenue CAGR of 19.8% over FY21-FY24E, led by improved demand from growth across construction activities, large-scale product acceptance by replacement of conventional products, enhanced capacity and utilisation.

Exhibit 25: Volume growth expected to outperform historical trend



Source: Company, HSIE Research

Exhibit 26: Sales expected to continue its strong growth path



Source: Company, HSIE Research

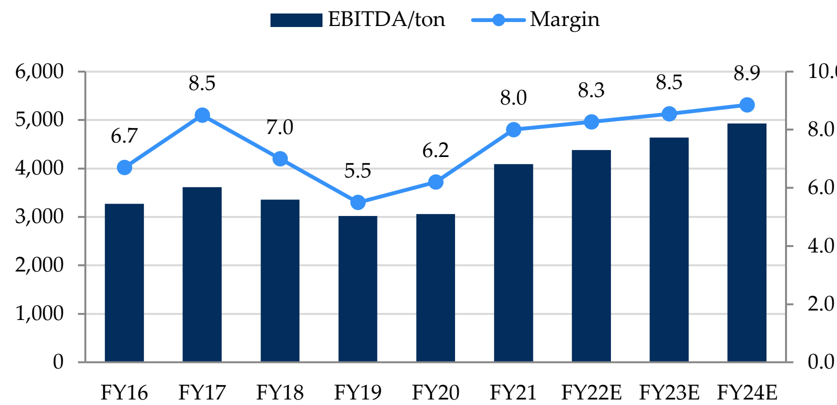
Exhibit 27: Segment wise growth forecast:

CAGR (FY21-FY24)	Apollo Structural			Apollo Z		Tricoat	Apollo Galv	Total
	Structural-General	Structural-Heavy	Structural-Light	Rust proof structure	Rust proof sheet			
Volume	14.3%	18.0%	17.3%	18.9%	45.7%	18.6%	16.6%	16.9%
Revenue	15.4%	21.1%	20.6%	22.5%	50.1%	23.0%	20.1%	19.8%
EBITDA	21.5%	23.1%	21.2%	25.3%	53.5%	26.5%	21.7%	24.4%

Source: Company, HSIE Research

Emphasis on value-added products will continue to augment margin:
APL Apollo's EBITDA/tonne has increased at a CAGR of 4.6% over FY16-FY21 to reach INR4,089. Going ahead, we expect the EBITDA contribution to increase significantly at a 6.4% CAGR over FY21-24 to INR4,929/tonne, led by an increased proportion of value-added products in the portfolio. The share of value-added products in the overall mix has already scaled up to 57% in FY21 vs 40% in FY20, and the management is targeting to enhance it to 75% in the next 3-4 years.

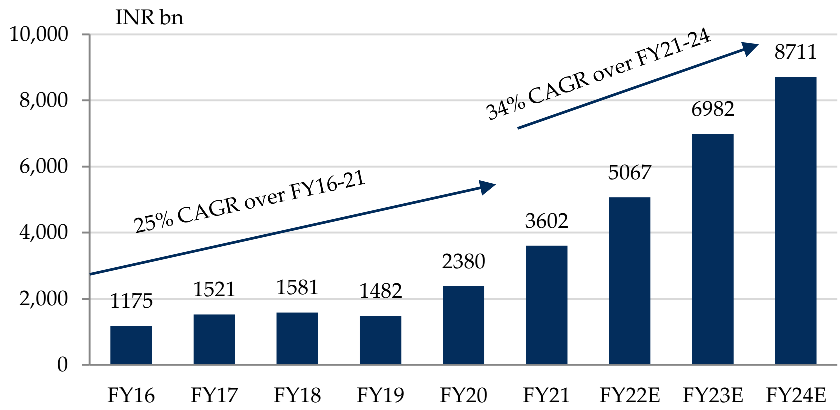
Exhibit 28: Margin growth driven by increased share of value-added products



Source: Company, HSIE Research

Debt reduction amid lower working capital requirement to drive PAT ahead
Revenue growth and margin expansion, led by higher sales of value-added product, will be further aided by the company's lower interest expenses on lesser working capital requirement. This will boost its earnings, going ahead, as well. We expect PAT to grow at a 34.2% CAGR over FY21-FY24E to INR8.7bn.

Exhibit 29: Margin expansion and reduced debt to boost PAT growth

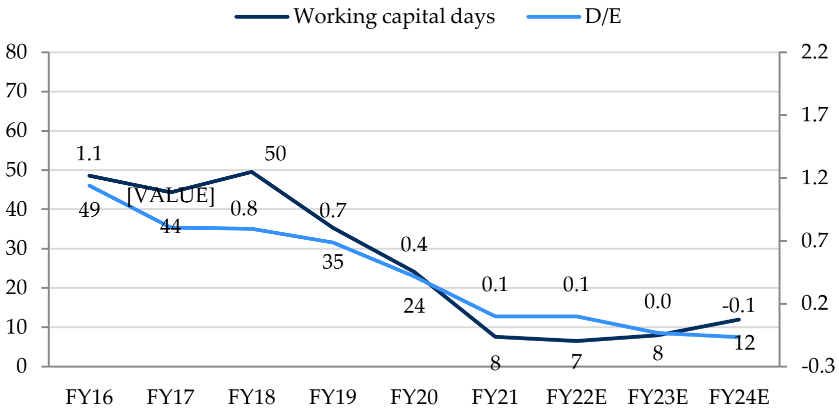


Source: Company, HSIE Research

Working capital days have been reduced from 25 in FY20 to 8 in FY21

The company's cash and carry model has already lowered its receivables from 19 days in FY20 to 5 in FY21 (as the company has stopped giving credit to its distributors and customers). Furthermore, factoring in the volatility of HRC steel, the management had opted to lower its inventory days to 33 in FY21 vs 37 YoY. This would help curb the impact of inventory losses to a certain extent. Accordingly, the company's working capital cycle has been reduced from 25 days in FY20 to 8 in FY21. This has helped it reduce its debt by INR6.3bn YoY in FY21 and lower its interest expenses. Management is certain of maintaining similar levels of working capital days, going ahead as well.

Exhibit 30: Company targets to become net debt free by FY23E (x)

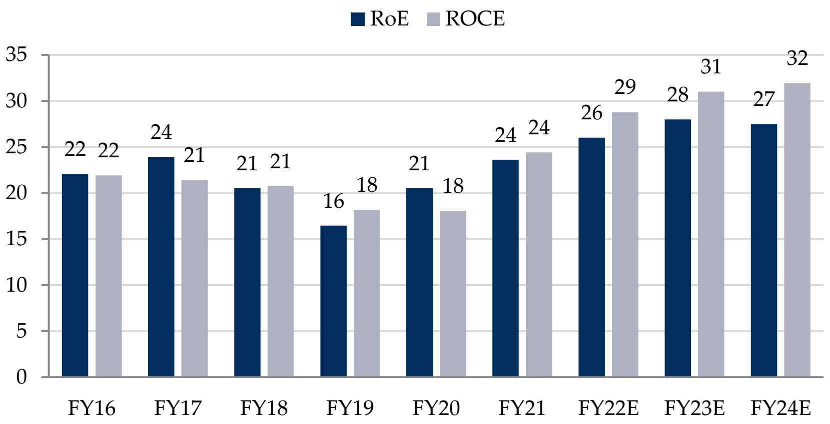


Source: Company, HSIE Research

Returns ratio to remain healthy, led by strong earnings growth:

Margin expansion and improved working capital cycle would boost return ratios, going ahead. We expect APL Apollo's RoE to improve from 23.6% in FY21 to 27.5% in FY24E. RoCE is expected to improve to 31.9% in FY24E vs 24.4% in FY21.

Exhibit 31: Margin expansion and operational efficiency to drive returns ahead



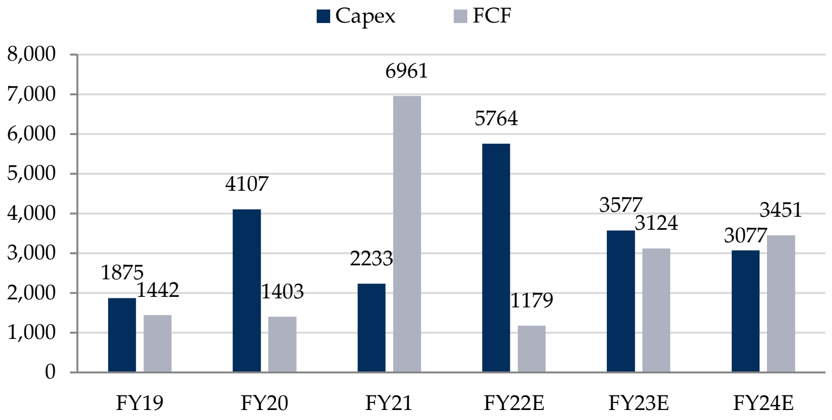
Source: Company, HSIE Research

Internal accrual sufficient to meet Capex requirement:

APL expects to generate OCF of INR 20.2bn over FY22-24 and incur a Capex of INR12.4bn over the same period

Healthy growth, scale up in margin, reduced working capital, limited Capex requirement and strong return ratios will improve the company's free cash flow, going ahead. We expect the company to generate an operating cash flow of INR20.2bn over FY22-24, which would be sufficient to meet its Capex requirement of ~INR12.4bn over the next three years, providing a strong free cash flow of INR7.8bn over the same period.

Exhibit 32: APL expected to generate sufficient FCF going ahead



Source: Company, HSIE Research

We value APL at 35x FY24 EPS to arrive at a TP of INR 2,226, which provides an upside potential of 18.5% from CMP

Valuation:

APL is currently trading at 30x FY24E P/E. Its stock price has outperformed the index by 330% since December 2020, led by healthy product demand, resilience during pandemic, strong distribution network, and brand creation. It has delivered healthy volume growth and margin expansion, reduced working capital, and allowed repayment of debts. Consequently, valuation multiples have seen a rerating from sustainable growth in volumes and profitability and are trending towards building materials level as 75% of its product portfolio caters to this end market. Hence, going ahead as well, we expect the multiple to sustain these levels, driven by escalated market share, huge opportunity across construction segment, margin enhancement from change in product mix, superiority over peers, and strong balance sheet.

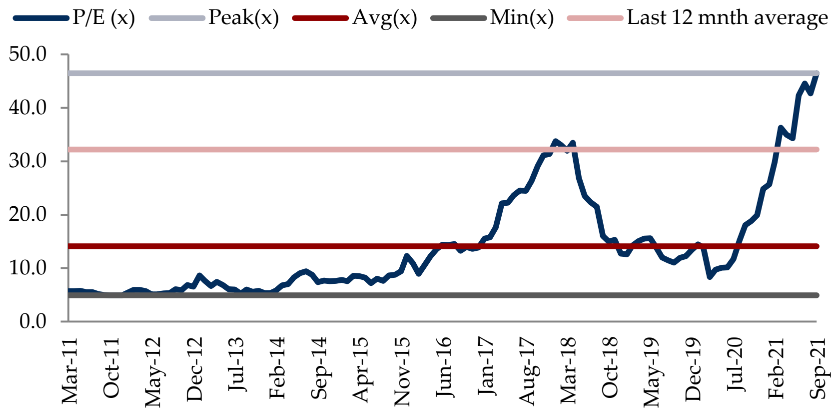
We expect APL's revenue/PAT to grow at CAGRs 20%/34% over FY21-24E, led by healthy volume growth, margin expansion, reduced working capital, and reduced debt. APL's peers in the building material space trades at an average FY23E forward P/E of 37x and we expect APL to trade at a similar valuation due to its pioneer position and strong positive outlook going ahead. We thereby initiate coverage with a BUY rating and a TP of INR2,226/share (based on 35x FY24E EPS), which provides an upside potential of 18.5% from its CMP.

Exhibit 33: Peer comparison table

	Mcap (INR bn)	P/E (x)			EV/EBITDA (x)			RoE (%)			Revenue CAGR (%)	EBITDA CAGR (%)	PAT CAGR (%)
		FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21-FY23	FY21-FY23	FY21-FY23
Century Plyboards	91	38	33	26	21	20	16	19	27	34	19	27	34
Supreme Industries	272	27	33	30	20	22	20	36	24	23	11	1	-4
Astral Poly Technik	412	78	82	65	50	55	45	24	23	24	23	21	25
Kajaria Ceramics	190	NA	49	38	NA	30	24	NA	19	22	NA	NA	NA
Cera Sanitaryware	57	51	39	30	30	25	20	12	15	17	19	29	36
Prince Pipes & Fittings	79	22	41	31	12	23	18	24	17	19	14	6	7
APL Apollo	235	59	51	37	31	30	24	24	26	28	22	26	39
Average		**46**	**47**	**37**	**27**	**29**	**24**	**23**	**22**	**24**	**18**	**18**	**23**

Source: Company, Bloomberg, HSIE Research

Exhibit 34: Blended 12 month fwd P/E ratio



Source: Company, HSIE Research

Bonus issue:

The company has announced a 1:1 bonus share, the record date for which is fixed as 18 Sep 2021.

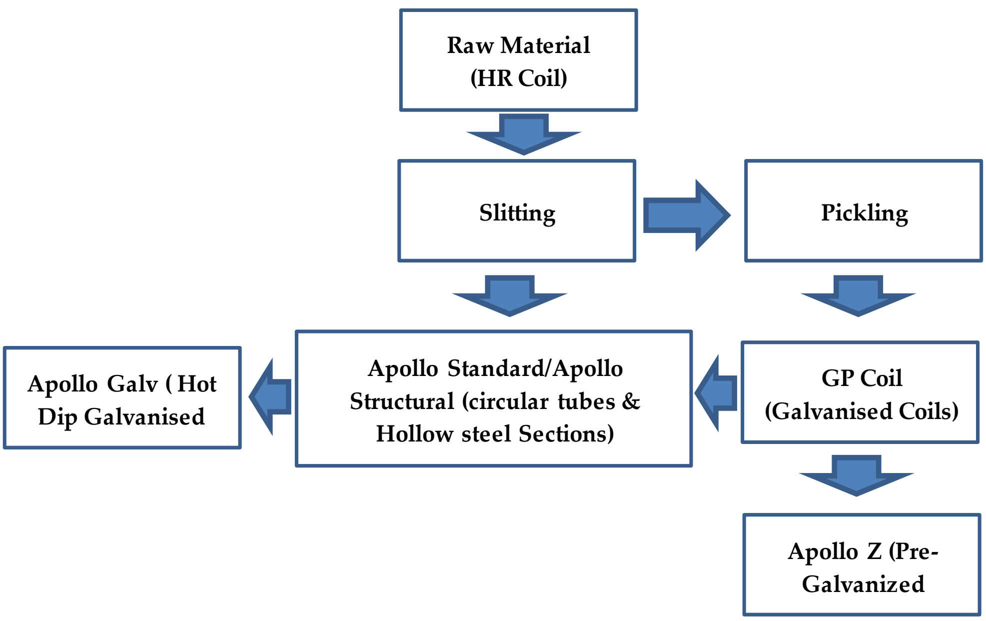
Key risks:

- Slowdown in economy or government spending on infrastructure.
- Fall in steel prices which could result in inventory losses and, thus, lower EBITDA/tonne for APL.
- Slower-than-anticipated recovery and growth in the real estate market.
- Slowdown in steel demand, especially across building and construction segment, could impact the structural steel penetration within the steel sector. This would impact the company's volume growth and, thus, margins.

What are ERW pipes?

ERW - Electrical Resistance Welding - pipes are manufactured by cold forming of steel coil into a round cylindrical shape.

Process flow –



ERW pipes have various applications like fencing, line pipe, scaffolding etc. ERW steel pipes are available in various diameters, wall thickness, finish and grades. Major applications include water pipelines, agriculture & irrigation, gas pipelines LPG and other non-toxic gas lines.

The traditional usage of ERW pipes has been for transportation of liquid and gases. This has changed in contemporary times as, increasingly, ERQ has found application as hollow support structure at airports, metro stations, malls, pre-engineered buildings, etc. Besides these urban infrastructure applications, ERW pipes and tubes are fast emerging as replacements to certain traditional aluminum and wooden parts in trucks and bus bodies.

Acquisition with rationale:	Rationale
Apollo Metallex	–Acquired in 2007 as a measure for backward integration
Sree laxmi metal udyog	–Acquired in 2008 to penetrate in south India
Lloyd line pipe	– Acquired in 2010 to extend footprint in west India (Murbad Plant)
Teaurus value steel (Shankara)	– Acquired in 2019 Shankara's plant of 1 lac MTPA for INR700 mn at distressed valuation
Apollo Tricoat – Acquired in 2019	– Acquired in 2019 to strongly venture into home décor segment

Management profile

Name	Designation	Description
Mr. Sanjay Gupta	Chairman & MD	Mr Gupta has near 2.5 decades of experience in diverse steel industry segments. Under his leadership the company has transformed itself from steel tube manufacturer to a branded player with lion market share in structural stee segment
Mr Vinay Gupta	Director	Has 20 years of industry experience and has in depth knowledge in manufacturing and marketing of structural steel tubes. He has been tasked with driving the company's Pre-Galvanized and international market businesses
Mr Romi Sehgal	Director	More than 35 years of experience in steel and tubes industry and has worked in managerial and leadership positions in reputed companies such as Atlas Steel Tubes, Atma Steel Tubes, Bharat Steel Tubes, and for 13 years in Gallium Limited, which is a manufacturer of steel tube equipment.
Mr Arun Agarwal	Chief Operating Officer	Mr. Arun Agarwal is a CA with 20 years of experience in the steel industry. He has been associated with the company since CY09 and has been actively involved in all strategic decisions within the group.
Mr. Deepak Goyal	CFO	With over 18 years of work experience (5 years in APL), Mr Deepak is overseeing budget planning, funds management, treasury, and taxation matters.

Financials (Consolidated)

INCOME STATEMENT

INR mn	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Revenues	**39,239**	**53,348**	**71,523**	**77,232**	**84,998**	**1,04,855**	**1,25,649**	**1,46,034**
Growth (%)	*-7.3*	*36.0*	*34.1*	*8.0*	*10.1*	*23.4*	*19.8*	*16.2*
Raw material cost	32,324	45,483	63,077	65,786	71,648	88,602	1,06,802	1,23,983
Power and fuel cost	484	537	600	809	1,027	1,049	1,256	1,460
Employee expenses	754	862	1,079	1,422	1,296	1,678	2,010	2,337
Other expenses	2,348	2,755	2,839	4,443	4,239	4,857	4,842	5,326
Total Operating Expenses	35,909	49,637	67,595	72,459	78,210	96,185	1,14,911	1,33,106
EBITDA	**3,330**	**3,710**	**3,928**	**4,773**	**6,787**	**8,669**	**10,738**	**12,928**
EBITDA Margin (%)	*8.5*	*7.0*	*5.5*	*6.2*	*8.0*	*8.3*	*8.5*	*8.9*
EBIDTA Growth (%)	*18.2*	*11.4*	*5.9*	*21.5*	*42.2*	*27.7*	*23.9*	*20.4*
Depreciation	509	534	643	959	1,028	1,161	1,287	1,376
EBIT	**2,821**	**3,176**	**3,286**	**3,814**	**5,760**	**7,508**	**9,451**	**11,552**
Other Income (Including EO Items)	60	80	117	222	359	250	200	400
Interest	720	813	1,134	1,073	661	320	320	310
PBT	**2,160**	**2,443**	**2,269**	**2,963**	**5,458**	**7,438**	**9,331**	**11,642**
Tax	639	862	787	403	1,381	1,872	2,349	2,930
APAT	**1,521**	**1,581**	**1,482**	**2,380**	**3,602**	**5,067**	**6,982**	**8,711**
APAT Growth (%)	*29.5*	*4.0*	*-6.2*	*60.5*	*51.4*	*40.7*	*37.8*	*24.8*
AEPS	**12.9**	**13.3**	**12.4**	**19.1**	**28.8**	**36.6**	**50.4**	**62.9**
EPS Growth (%)	*29.5*	*4.0*	*-6.2*	*60.5*	*51.4*	*40.7*	*37.8*	*24.8*

Source: Company, HSIE Research

BALANCE SHEET

INR mn	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	236	237	239	249	250	277	277	277
Reserves	6,798	8,141	9,402	13,313	16,697	21,736	27,611	35,211
Total Shareholders' Funds	**7,034**	**8,379**	**9,641**	**13,562**	**16,947**	**22,013**	**27,888**	**35,488**
Long-term Debt	1,049	782	1,745	4,043	1,835	1,335	1,585	1,835
Short-term Debt	4,640	5,952	5,356	3,229	2,580	2,080	1,580	1,080
Total Debt	**5,689**	**6,734**	**7,101**	**7,272**	**4,415**	**3,415**	**3,165**	**2,915**
Other long term liabilties	45	296	484	680	680	680	680	680
Long-term Provisions & Others	72	78	99	162	164	164	164	164
Net Deferred Tax Liability	813	994	1,200	1,012	1,112	1,112	1,112	1,112
TOTAL SOURCES OF FUNDS	**13,653**	**16,480**	**18,525**	**22,686**	**23,317**	**27,384**	**33,008**	**40,359**
APPLICATION OF FUNDS								
Net Block	**6,468**	**8,628**	**10,106**	**14,738**	**15,014**	**18,280**	**20,570**	**22,270**
CWIP	1,224	460	275	101	1,077	1,077	1,077	1,077
Investments	4	11	494	15	15	15	15	15
LT Loans & Advances	192	200	889	890	1,481	1,481	1,681	2,481
Other Non-current Assets	**1,149**	**899**	**855**	**70**	**70**	**70**	**70**	**70**
Inventories	4,696	5,915	7,835	7,842	7,599	8,044	8,950	11,203
Debtors	2,949	4,321	5,433	4,764	1,306	1,580	2,065	2,801
Cash & Equivalents	16	68	478	1,600	4,387	2,871	4,079	5,222
ST Loans & Advances	200	239	13	13	47	57	69	80
Other Current Assets	1,318	841	1,131	1,426	1,494	1,436	1,721	2,801
Total Current Assets	**9,178**	**11,384**	**14,890**	**15,644**	**14,832**	**13,988**	**16,885**	**22,106**
Creditors	3,920	3,793	6,989	7,644	7,859	8,618	8,606	9,202
Other Current liabilities	787	1,373	2,138	2,461	2,166	2,145	1,886	1,629
Short term provisions	86	166	86	52	87	57	69	80
Total Current Liabilities	**4,793**	**5,332**	**9,214**	**10,157**	**10,111**	**10,821**	**10,561**	**10,911**
Net Current Assets	**4,385**	**6,052**	**5,676**	**5,487**	**4,722**	**3,168**	**6,324**	**11,195**
TOTAL APPLICATION OF FUNDS	**13,653**	**16,480**	**18,525**	**22,686**	**23,317**	**27,384**	**33,008**	**40,359**

Source: Company, HSIE Research

CASH FLOW STATEMENT

INR Mn	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Reported PBT	2,160	2,443	2,269	2,963	5,458	7,438	9,331	11,642
Interest Expenses	720	813	1,134	1,073	661	320	320	310
Depreciation	509	534	643	959	1,028	1,161	1,287	1,376
Working Capital Change	912	-2,365	289	1,739	3,788	145	-1,689	-3,471
Tax Paid	-639	-862	-787	-403	-1,381	-1,872	-2,349	-2,930
OPERATING CASH FLOW (a)	**3,250**	**1,267**	**3,317**	**5,511**	**9,194**	**6,943**	**6,701**	**6,527**
Capex	-1,672	-1,930	-1,875	-4,107	-2,233	-5,764	-3,577	-3,077
Free Cash Flow (FCF)	*1,578*	*-663*	*1,442*	*1,403*	*6,961*	*1,179*	*3,124*	*3,451*
Investments	-4	-7	-483	479	0	0	0	0
Non-operating Income	60	80	117	222	359	250	200	400
Others	-76	-13	35	27	1	0	0	0
INVESTING CASH FLOW (b)	**-1,693**	**-1,870**	**-2,206**	**-4,350**	**-1,851**	**-5,493**	**-3,356**	**-2,656**
Debt Issuance/(Repaid)	-555	1,808	830	-285	-3,093	-2,492	-1,442	-1,142
Interest Expenses	-720	-813	-1,134	-1,073	-661	-320	-320	-310
Other Financing activity	-555	1,808	830	-285	-3,093	-2,492	-1,442	-1,142
Share Capital Issuance	2	1	1	726	1	27	0	0
Dividend	-282	-341	-400	-402	0	0	-1,108	-1,111
FINANCING CASH FLOW (c)	**-1,555**	**655**	**-702**	**-38**	**-3,753**	**-3,723**	**-2,870**	**-2,563**
Others	**0**	**0**	**0**	**0**	**-803**	**757**	**732**	**-165**
NET CASH FLOW (a+b+c)	**2**	**52**	**410**	**1,122**	**2,787**	**-1,516**	**1,208**	**1,144**
Opening cash balance	13	16	68	478	1,600	4,387	2,871	4,079
Closing Cash & Equivalents	**16**	**68**	**478**	**1,600**	**4,387**	**2,871**	**4,079**	**5,222**

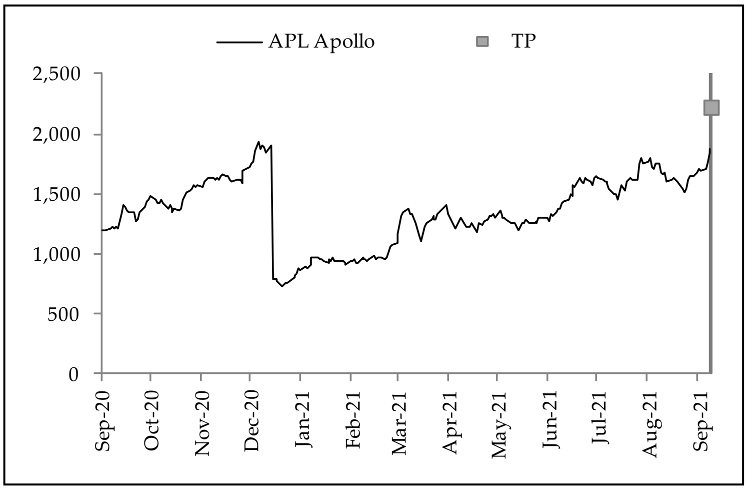
Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	17.6	14.7	11.8	14.8	15.7	15.5	15.0	15.1
EBITDA Margin	8.5	7.0	5.5	6.2	8.0	8.3	8.5	8.9
EBIT Margin	7.2	6.0	4.6	4.9	6.8	7.2	7.5	7.9
APAT Margin	3.9	3.0	2.1	3.1	4.2	4.8	5.6	6.0
RoE	23.9	20.5	16.5	20.5	23.6	26.0	28.0	27.5
RoCE	21.4	20.7	18.1	18.1	24.4	28.8	31.0	31.9
EFFICIENCY								
Tax Rate (%)	29.6	35.3	34.7	13.6	25.3	25.2	25.2	25.2
Asset Turnover (x)	2.1	2.4	2.6	2.3	2.4	2.7	2.9	2.8
Inventory (days)	45	42	41	39	34	28	26	28
Debtors (days)	28	31	29	23	6	6	6	7
Payables (days)	38	27	37	38	32	27	24	23
Cash Conversion Cycle (days)	36	46	33	24	8	7	8	12
Net Debt/EBITDA (x)	1.7	1.8	1.7	1.2	0.1	0.1	-0.1	-0.2
Net D/E	0.8	0.8	0.7	0.4	0.0	0.0	0.0	-0.1
Interest Coverage	4.0	4.0	3.0	3.8	9.3	24.2	30.2	38.5
PER SHARE DATA								
EPS (Rs/sh)	12.9	13.3	12.4	19.1	28.8	36.6	50.4	62.9
CEPS (Rs/sh)	17.2	17.8	17.8	26.9	37.1	45.0	59.7	72.8
DPS (Rs/sh)	2.4	2.8	2.8	0.0	0.0	4.0	8.0	8.0
BV (Rs/sh)	59.6	70.6	80.8	109.1	135.7	158.9	201.3	256.2
VALUATION								
P/E	88.9	86.0	92.2	59.9	58.9	51.4	37.3	29.9
P/BV	19.2	16.2	14.2	10.5	12.5	11.8	9.3	7.3
EV/EBITDA	42.4	38.7	36.9	31.3	31.4	30.2	24.2	20.0
OCF/EV (%)	2.3	0.9	2.3	3.7	4.3	2.7	2.6	2.5
FCF/EV (%)	1.1	-0.5	1.0	0.9	3.3	0.5	1.2	1.3
Dividend Yield (%)	**0.2**	**0.2**	**0.2**	**0.0**	**0.0**	**0.2**	**0.4**	**0.4**

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco.	Target
13-Sep-21	1,879	BUY	2,226

Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:
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